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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554



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| Federal-State Joint Board on Universal Service | ) | CC Docket No. 96-45 |

**AT&T OPPOSITION TO PETITIONS FOR RECONSIDERATION OF THE *METHODOLOGY ORDER***

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February 7, 2000

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## SUMMARY

In the *Methodology Order,* the Commission implemented universal service support based on forward-looking economic cost for non-rural local exchange carriers. It also confirmed that, pursuant to the May 1999 *Stay Order*, that the stay of its rule requiring the deaveraging of unbundled network elements will terminate on May 1, 2000. A number of parties seek to reverse these important rulings.

As AT&T demonstrates in Section I, GTE's request for further delay in implementing the Commission's 1996 deaveraging rule, in addition to being beyond the proper scope of this proceeding, is flatly inconsistent with the 1996 Act and the Commission's competition policies. Section 252(d)(1) of the Act requires ILECs' rates for UNEs to be nondiscriminatory and based on cost, which the Commission has properly interpreted to require geographic deaveraging of UNEs to reflect underlying cost differences. Many states have completed the exercise of establishing deaveraged UNE loop rates years ago. Nonetheless, under the FCC's stay, other states will have had 18 months since the Supreme Court upheld the FCC rule to complete their proceedings. Further time is not required, given that more than 20 states were able to establish deaveraged loop rates within the nine-month arbitration process. In all events, a waiver process is available if, based on unique circumstances, a state believes it cannot comply with the May 1, 2000 date.

As AT&T further demonstrates, GTE's contentions that states need additional time to complete UNE deaveraging and USF reform "simultaneously" and to prevent "arbitrage" are baseless. The courts, as well as the Commission, have consistently recognized that the 1996 Act contemplates *sequential* implementation first of the market-opening provisions and then of the sustainable universal mechanism. GTE's arbitrage claim is likewise meritless. Competition itself will help identify implicit intrastate support, and the fact is that the

*de minimis* level of UNE-based competition has not threatened the ILECs' bottom lines. By contrast, harm to consumers and new entrants from further unnecessary delay in implementing cost-based rate deaveraging would be real and substantial.

In Section II, AT&T shows that USTA's contention that "costs determined using the cost proxy model do not reflect economic costs incurred by efficient incumbent LECs" should be rejected. First, the use of FLEC as a basis for determining USF support has already been upheld by the Fifth Circuit. Moreover, as the Commission has explained on numerous occasions, measuring the need for support based on FLEC is necessary "to send the correct signals for investment, competitive entry, and innovation." Use of a single national cost model assures that each state's need for support is measured on a consistent basis.

In Section III, AT&T demonstrates that, contrary to Wyoming's and PRTC's contentions, the use of statewide averaged costs to determine the need for high-cost support best comports with its objective of ensuring comparability of rates *among* states. As the Commission explained, "[b]y averaging costs at the statewide level, the federal mechanism is designed to achieve reasonable comparability of intrastate rates among states based solely on the interstate transfer of funds." *Methodology Order* ¶ 45. Further, the Commission expressly provided an interim hold-harmless provision under which each non-rural carrier receives the greater of either its pre-existing universal service support amount or the support to which it would be entitled under the new forward-looking cost-based support mechanism. The sunset date for the interim hold-harmless provision has not yet been set. Even when the hold-harmless period ends, given that *no* state resources are relied upon by the federal mechanism in providing for high-cost support above a benchmark, it would be unfair to expect the federal mechanism, which transfers funds between jurisdictions, to pick up the support burden historically borne by intrastate mechanisms.

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Pursuant to Section 1.429 of the Commission's Rules, 47 C.F.R. § 1.429, and its Public Notice, Report No. 2379 (January 12, 2000) published in 65 Fed. Reg. 3451 (January 21, 2000), AT&T Corp. ("AT&T") files this opposition to other parties' petitions for reconsideration and clarification of the Ninth Report & Order and Eighteenth Order on Reconsideration, FCC 99-306, released November 2, 1999 ("*Methodology Order*"), in the Commission's Universal Service proceedings.[1]

In Section I, AT&T shows that the Commission should *not* extend the May 1, 2000 date by which states must adopt deaveraged unbundled network element ("UNE") and interconnection rates. AT&T shows in Section II that the Commission properly decided to use forward-looking economic cost ("FLEC") as the basis for USF support. As AT&T demonstrates in Section III, the Commission's use of statewide averaged costs to determine the need for support best comports with ensuring comparability of rates among states. No special provisions should be made for individual states, such as Wyoming or Puerto Rico.

[1] A list of parties filing petitions can be found in Appendix A.

## I. GTE'S REQUEST FOR FURTHER DELAY IN IMPLEMENTING THE COMMISSION'S 1996 DEAVERAGING RULE IS FLATLY INCONSISTENT WITH THE 1996 ACT AND CENTRAL TENETS OF THE COMMISSION'S COMPETITION POLICY AND WOULD SERVE NO LEGITIMATE PURPOSE.

The Commission should not extend the May 1, 2000 date by which states must establish deaveraged unbundled network element and interconnection rates. As an initial matter, GTE's network element deaveraging request is well beyond the proper scope of this proceeding. The *Methodology Order* addresses how universal service support will be provided to non-rural LECs, and decides no issues regarding the rates that GTE and other incumbent LECs may charge for network elements. Rather, the latter issues, including enforcement of the Commission's deaveraging rule, are the province of CC Docket No. 96-98 and related local competition proceedings. Thus, as the *Methodology Order* confirms, the deaveraging issue on which GTE seeks reconsideration was decided in the Commission's May 7, 1999 *Stay Order* in Docket No. 96-98.[2] The *Methodology Order*, in contrast, merely confirms the date certain on which the stay issued in the local competition proceeding (with a fixed termination date of six months after issuance of the *Methodology Order*) will terminate. If GTE is unhappy with the Commission's decision to link the stay of its deaveraging rules to its resolution of universal service issues, the proper course was to seek reconsideration of the *Stay Order*.

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[2] *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deaveraged Rate Zones for Unbundled Network Elements*, CC Docket No. 96-98, Stay Order, FCC 99-86, ¶¶ 3-4 (May 7, 1999) ("*Stay Order*").

In any event, Section 252(d)(1) of the Telecommunications Act of 1996 ("1996 Act"), 47 U.S.C. § 252(d)(1), expressly provides that an incumbent LEC's rates for network elements must be "nondiscriminatory" and "based on the cost . . . of providing" the requested elements. As the Commission properly recognized more than three years ago, where the costs of providing requested elements vary significantly across an incumbent's service territory – as they generally do with respect to local loops – the incumbent's network element rates "*must* be geographically deaveraged" to reflect those cost differences. *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, First Report and Order, 11 FCC Rcd 15499, ¶ 764 (1996) ("*Local Competition Order*") (emphasis added) ("deaveraged rates more closely reflect the actual costs of providing . . . unbundled elements").[3] In litigation throughout the country, the Commission has therefore consistently reaffirmed that "rates generally *must* reflect the differences in costs . . . in different geographic areas," and that statewide averaged rates "*necessarily* do not reflect the cost of providing unbundled network elements."[4]

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[3] Likewise, if an incumbent's actual forward-looking cost of providing a loop (both to itself and to competing carriers) in an area is $10, charging competing carriers $20 for the $10 loop based on some notion of statewide "average" costs is plainly discriminatory.

[4] Memorandum of the FCC as *Amicus Curiae*, MCI Telecommunications Corp. v. U S WEST Communications, Inc., No. 97-1576, at 13-16 (D. Ore. filed Oct. 9, 1998) (emphasis added).

Deaveraged network element rates necessarily are "a central tenet" of the Commission's competition policy.[5] No incumbent LEC has ever seriously disputed that it costs much less to provide local loops in urban, densely populated areas than in rural, sparsely populated areas. And because local loop costs are such a significant portion of the total cost of providing local telephone service, failure to account for such enormous cost differences in rates can create insurmountable entry barriers. Indeed, a loop rate based on statewide average costs can exceed the actual costs of providing urban loops by *100 percent* or more. Thus, there can be no dispute that the failure to deaverage loop rates discourages the "efficient entry and utilization of the telecommunications infrastructure" sought by Congress.[6]

The routine exercise of estimating loop costs on a deaveraged basis was completed years ago in many states, notwithstanding the uncertainty introduced by the Eighth Circuit's improper stay of the Commission's deaveraging and other pricing rules. Nonetheless, in an accommodation of states that had permitted GTE and other incumbent LECs to evade the obligation to offer loops at cost-based deaveraged rates, the Commission last year issued a temporary "stay" to "afford th[ose] states an opportunity to bring their rules into compliance

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[5] *See* William Kennard, "Moving On," *Remarks Before NARUC Winter Meeting,* February 23, 1999, at 4 ("Let me be very clear here. We are not backing away from our support for de-averaging. This is a central tenet of our competition policy").

[6] *See Local Competition Order* ¶ 630. *See also* Evaluation of the United States Dep't of Justice, In re Second Application by BellSouth Corp., No. 98-121, at 21 (FCC Aug. 19, 1998) ("a ratemaking methodology that geographically averages rather than deaverages these costs will produce above-cost prices for unbundled loops in densely populated areas, thus inefficiently imposing costs upon and thereby impeding [network element-based] entry in those areas").

with" the Commission deaveraging rule (47 C.F.R. § 51.507(f)) reinstated by the Supreme Court.[7] That Commission stay will finally expire in May, nearly *eighteen months* after the Supreme Court definitively ruled that incumbent LECs and state commissions are bound by the Commission's deaveraging rule.[8]

Incredibly, GTE now urges the Commission to extend its stay by "at least" an additional year. *See* GTE at 2. GTE cannot claim that a state inclined to enforce the Commission's deaveraging rule would need more than eighteen months to establish deaveraged loop rates. The more than twenty states that have already established deaveraged loop rates managed to do so within the nine-month arbitration process established by Congress, and there is absolutely no reason to believe that other states could not employ the same readily available cost models in the same time frames. In all events, as GTE concedes (at 7), the Commission will entertain a waiver request from any state that believes that it has had insufficient time to come into compliance with the Commission's deaveraging rule. That is reason enough to reject GTE's petition for a blanket exemption from the Commission's deaveraging rule.

GTE claims that further delay is nonetheless warranted: (1) to permit states to resolve deaveraging issues in the network element and universal service contexts "simultaneously," and (2) to prevent "arbitrage" that GTE complains will allow competitors to "cream-skim" its profitable customers. GTE at 6. Even ignoring that the action GTE

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[7] *Stay Order*, ¶¶ 3-4.

[8] *AT&T v. Iowa Utilities Board*, 119 S.Ct. 721, 733, 738 (1999).

asks the Commission to take would be patently unlawful,[9] both the Commission and the courts have repeatedly and properly rejected both of GTE's rationales for that action.

As the Commission, the courts and numerous state commissions have consistently recognized, the 1996 Act "contemplates *sequential* implementation of (first) the market opening provisions of the 1996 Act that create competition and (then) the provision calling for a new explicit and sustainable universal service mechanism." Brief for the FCC, Southwestern Bell Tel. Co. v. FCC, No. 97-2618 (8th Cir. filed Dec. 16, 1997) (emphasis added).[10] Congress directed the Commission to promulgate rules implementing § 251 by August 1996, 47 U.S.C. § 251(d)(1), but gave the Commission until May 1997 to issue universal service rules and even then required only "a specific timetable for [future] implementation." *Id.* § 254(a)(2). In short, Congress clearly contemplated that the market-opening requirements of Section 251 of the 1996 Act would be implemented and in place to guide negotiations and arbitrations under § 252 of the Act *prior* to the completion of universal service reform.

Further, any notion that additional delay in carrying out the mandate of cost-based deaveraged loop rates would further universal service interests has it exactly backwards. The Act mandates that all universal service subsidies "be explicit." *See* 47 U.S.C. § 254(e)

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[9] Congress directed the Commission expeditiously to promulgate rules implementing the Section 251(d)(1) requirements, and, in Section 10 of the Act, expressly forbade the Commission from taking any action to forbear from applying those requirements until they "have been fully implemented" by GTE and other incumbent LECs, 47 U.S.C. § 160(d).

[10] *See, e.g., Southwestern Bell Telephone Co. v. FCC*, 153 F.3d 523, 536-37 (8th Cir. 1998) (adopted position advocated by the Commission).

("[a]ny such support should be explicit and sufficient to achieve the purposes of this section"); *Federal-State Board on Universal Service*, First Report and Order, 12 FCC Rcd 8776, ¶ 9 (1997) ("*Universal Service Order*") (subsidies should "be explicit rather than implicit as many support mechanisms are today"); *id.* ¶ 17 (describing "the averaging of rates over broad geographic areas" as one of "today's pillars of implicit subsidies"). Thus, any attempt to preserve implicit subsidies through averaged loop rates violates *both* the Act's express requirements that loop rates be cost-based and nondiscriminatory, *and* the Act's core universal service policy to replace anticompetitive implicit subsidies with explicit subsidies.

GTE's arbitrage claim is equally meritless. What GTE condemns as "cream-skimming" is, of course, the competitive offering of cost-based service to captive GTE customers that have been forced to pay above-cost rates. Such arbitrage should be *encouraged*, not discouraged, both for the direct benefits it brings in increased customer choice and as a critically important incentive for incumbent LECs and state commissions to move forward in the transition from implicit to explicit intrastate subsidies. *See Universal Service Order* ¶ 19 (Congress contemplated that "as competition develops, the marketplace itself will identify intrastate implicit universal service support, and that states will be compelled by those marketplace forces to move that support to explicit, sustainable mechanisms consistent with section 254(f)").

GTE is thus left to claim that, in the interim, arbitrage prevents it from "collect[ing] sufficient access, toll, and local service revenues to offset the cost of serving higher cost areas." GTE at 5. The problem for GTE is that despite repeated opportunities to do so in scores of litigated proceedings – and now years of experience in many states with

deaveraged loop rates – neither GTE nor any other incumbent has ever been able to demonstrate that deaveraged loop rates pose any real threat to their bottom lines – and for good reason. As the Commission and courts have consistently recognized, network element-based competition remains at *de minimis* levels and will not, under any plausible scenario, significantly erode incumbents' revenues prior to the completion of universal service reform.[11] Further, the incumbents have never shown that their revenues (which have produced enviable returns), including enormous subsidies from bloated access and vertical features charges, will not be adequate to cover their actual costs of providing services even if competition does make a noticeable dent before universal service reform is complete.

By contrast, the harm to consumers and to new entrants from further unnecessary delay in implementing cost-based rate deaveraging would be real and substantial. Averaged loop rates force new entrants who have invested heavily to provide competing local services to incur considerably greater costs than the entrenched incumbents. Moreover, a whole new round of interconnection agreement proceedings is underway, as existing three- and four-year agreements expire. It is thus as important now as it was when the Commission

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[11] *See, e.g.*, *Southwestern Bell*, 153 F.3d at 541 ("The Commission has made a predictive judgment, based on evidence in the record and adequately explained in the Order, that competitive pressures in the local exchange market will not threaten universal service during the interim period until the permanent, explicit universal service support mechanism has been fully implemented"); *Texas Office of Public Utility Counsel v. FCC*, 183 F.3d 393, 436-37 (5th Cir.1999), *petitions for rehearing and rehearing en banc denied* (Sept. 28, 1999), *petitions for certiorari pending sub nom AT&T Corp. and MCI WorldCom Corp. v. Cincinnati Bell Telephone Company,* No. ____ (January 26, 2000). ("Because only competition in local markets can erode the current implicit subsidy system to an insufficient level, the FCC made a reasonable determination that there was little chance of such competition's emerging in the near future").

denied a stay in 1996 "that the regulations established in the [*Local Competition Order*] not be stayed while negotiation[s] and arbitration proceedings are taking place."[12] Any further stay of the deaveraging rule would, in the Commission's words, plainly "subvert Congress' plan to have such rules in place during the arbitration proceedings." *Id.* ¶ 30. Granting GTE's request would once again return competitors and consumers to the "surpassing strange," *AT&T v. Iowa Util. Bd.,* 119 S.Ct. at 730 n.6, position of having to litigate deaveraging requirements from scratch in each of the fifty states – which no doubt explains the timing of GTE's latest attempt to evade its four-year-old obligation to provide loops at nondiscriminatory, cost-based rates. The GTE petition should be denied.

## II. THE COMMISSION PROPERLY DECIDED TO USE FORWARD-LOOKING ECONOMIC COST AS THE BASIS FOR USF SUPPORT.

USTA seeks reconsideration of the Commission's decision to use forward-looking economic cost as the basis for measuring the need for high-cost support. It contends that "costs determined using the cost proxy model do not reflect economic costs incurred by efficient incumbent LECs." USTA at 2. USTA's contention should be rejected on numerous procedural and substantive grounds.

The Commission need not even reach the merits of this argument as it had determined that FLEC would be the basis for measuring the need for high-cost support in its May 8, 1997 *Universal Service Order*, long before it actually implemented that mechanism in the *Methodology Order.* Thus, USTA' s petition for reconsideration is simply an

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[12] *Implementation of the Local Competitions Provisions of the Telecommunications Act of 1996*, Order, 11 FCC Rcd 11754, ¶ 19 (1996).

untimely further reconsideration of the Commission's initial determination of this issue. Moreover, the *Universal Service Order* has already been the subject of review by the Fifth Circuit, which expressly upheld the use of FLEC as the basis for determining the need for high-cost support.[13]

In all events, the Commission had sound policy reasons for adopting a FLEC-based support system. As the Commission has explained on numerous occasions, measuring the need for support based on forward-looking cost is necessary "to send the correct signals for investment, competitive entry, and innovation."[14] In the *Methodology Order* (¶ 19), the Commission again reaffirmed that "using forward-looking costs will provide sufficient support without giving carriers an incentive to inflate their costs or to refrain from efficient cost-cutting." Moreover, the Commission's holding that "a single, national cost model will be the most efficient way to estimate forward-looking cost levels"[15] assures that each state's need for support is measured on a consistent basis. Thus, USTA's attack on the use of forward-looking costs, as determined by the FCC's cost proxy model, is baseless.

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[13] *Texas Office of Public Utility Counsel v. FCC*, 183 F.3d 393, 411-12 (5th Cir.1999); *see also Alenco Communications Inc. v. FCC,* No. 98-60213 (5th Cir. Jan. 25, 2000).

[14] *Federal-State Joint Board on Universal Service*, Seventh Report & Order and Thirteenth Order on Reconsideration in CC Docket No. 96-45 and Fourth Report & Order in CC Docket No. 96-262 ("*Seventh Report & Order*"), FCC 99-119, ¶ 50 (May 28, 1999).

[15] *Seventh Report & Order* ¶¶ 11, 50, 52; *see also Universal Service Order* ¶¶ 224, 273.

## III. THE COMMISSION'S USE OF STATEWIDE AVERAGED COSTS TO DETERMINE THE NEED FOR HIGH-COST SUPPORT BEST COMPORTS WITH ITS OBJECTIVE OF ENSURING COMPARABILITY OF RATES AMONG STATES.

Wyoming (4-6), disturbed by the notion that U S WEST will receive less high-cost support under the forward-looking cost mechanism than previously, attributes this largely to the fact that the Commission has averaged costs at the state level to determine the need for support. It contends that the Commission's methodology fails to comply with Section 254's directives that universal service support be sufficient and will ensure comparability of rates. PRTC (at 4) similarly alleges that it is disadvantaged under use of statewide averaged costs to determine the need for high-cost support. As an alternative to reconsidering the use of statewide averaged costs, Wyoming and PRTC contend that the Commission should create additional support mechanisms for their states.[16] All of these contentions should be rejected.

The Commission should *not* deviate from use of the statewide averaged costs to determine a state's need for high-cost support. As the Commission explained, "[b]y averaging costs at the statewide level, the federal mechanism is designed to achieve reasonable comparability of intrastate rates among states based solely on the interstate

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[16] Wyoming (at 11) contends that that when the average per line forward-looking cost in a state exceeds $30 and the state has a 4% intrastate USF assessment, the federal fund should pick up the remainder of the state's support requirements to maintain comparability of rates. PRTC (at 14-15) contends that even though it is a non-rural carrier, it should not be required to convert to the revised FLEC-based methodology until *rural* carriers are required to do so or, alternatively, that the Commission should adopt a scaled benchmark based on the degree of subscribership. PRTC at 11.

transfer of funds." *Methodology Order* ¶ 45 "By averaging costs at the statewide level, the federal mechanism compares the relative costs of providing supported services in different states. . . . " *Id.* Most fundamentally, "statewide averaging is the approach most consistent with the federal role of providing support for intrastate universal service to enable reasonable comparability of rates among states. . . ." *Id.*

Not only is the comparison of costs to the benchmark at the statewide level the most consistent with the Commission's vision of a federal mechanism for reasonable rate comparability that focuses on support flows *among* states rather than *within* states,[17] but any calculation of support based on levels of disaggregation smaller than the state would contravene the Commission's intent to limit federal support to that which is necessary to maintain reasonably comparable rates *among* states. Indeed, calculating the need for support at a level of aggregation lower than the state level would result in some federal support replacing support that currently flows *within* a state with the FCC thereby impinging on state ratemaking responsibility.

Use of state level calculation of the need for support is critical for other reasons. Calculation of subsidies at the wire center level would result in a much larger fund because this approach fails to take into account the mitigating impact of low-cost wire centers in the same state. Because of this fact providing support on a wire center basis would dramatically enlarge the size of the existing federal high-cost mechanisms for non-rural

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[17] As the Commission found, "the methodology should rely primarily on states to achieve reasonably comparable rates within their borders, while providing support for above-average costs to the extent that such costs prevent the state from enabling reasonable comparability of rates." *Seventh Report & Order* ¶ 48.

LECs. Dramatically increasing incremental federal support to the states, prior to investigating the replacement of implicit support from interstate access charges, would entirely unnecessarily jeopardize political support for the USF program.

No special protections should be established for Wyoming, Puerto Rico or any other state. For one, in the *Methodology Order* (¶¶ 78-88), the Commission expressly provided a an interim hold-harmless provision under which each non-rural carrier receives the greater of either its pre-existing universal service support amount or the support to which it would be entitled under the new forward-looking cost-based support mechanism.[18] The sunset date for the interim hold-harmless provision has not yet been set.[19] Moreover, Wyoming will continue to receive FLEC-based support even after the expiration of the hold-harmless provision, as Puerto Rico and other states will not. Additional support for either Wyoming or Puerto Rico would be inappropriate.

As the Commission explained in the *Methodology Order* (¶ 46), "[w]ith the elimination of the state share requirement, *no* state resources are relied upon by the federal mechanism in providing for costs above the benchmark." Thus, all states are treated equally

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[18] Silver Star's contention (1, 4) that the Commission should distribute support during the interim hold-harmless provision by prorating support among wire centers as under the FLEC-based approach would be mooted by the Commission's adoption of AT&T's request that the Commission should *require* that support be targeted to the high-cost deaveraged UNE zones and distributed on a uniform per-line basis within each zone. *See* AT&T's Petition for Reconsideration and Clarification, filed January 3, 2000, at 5-6.

[19] Instead the Commission has submitted the matter of the schedules and procedures for phasing out or eliminating the interim hold-harmless provision to the Joint Board, which has sought comment on these issues. *See* Public Notice, FCC 99J-2, released November 3, 1999.

in this respect, with the federal fund picking up the full measure of necessary support above the benchmark. In this case, "it would be unfair to expect the federal support mechanism, which by its very nature operates by transferring funds among jurisdictions, to bear the support burden that has historically been borne within a state by intrastate, implicit support mechanisms." *Id.*, *citing Seventh Report & Order* ¶ 46. In short, the Commission correctly held that statewide averaging, together with the rest of methodology it adopted in the *Methodology Order*, is consistent with the division of federal and state responsibility for achieving reasonable comparability of rates for non-rural carriers. Any exceptions for individual states would be unfair.

## CONCLUSION

For the reasons stated above, the Commission should not extend the May 1, 2000 date for deaveraging of UNEs and interconnection rates. The Commission should also decline to reconsider the use of statewide averaged FLEC-based costs for determining the need for federal high-cost support for non-rural carriers.

Respectfully submitted,

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February 7, 2000

**APPENDIX A**

**UNIVERSAL SERVICE - *METHODOLOGY ORDER***
**CC DOCKET NO. 96-45, FCC 99-306**
**JANUARY 3, 2000**

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Personal Communications Industry Association, Inc. ("PCIA")

Puerto Rico Telephone Company, Inc. ("PRTC")

Roseville Telephone Company ("Roseville")

SBC Communications, Inc. ("SBC")

Silver Star Communications ("Silver Star")

United States Telecom Association ("USTA")

Wyoming Public Service Commission ("Wyoming")

**CERTIFICATE OF SERVICE**

I, Laura V. Nigro, do hereby certify that on this 7th day of February, 2000, a copy of the foregoing "AT&T Opposition to Petitions for Reconsideration of the *Methodology Order*" was served by U.S. first class mail, postage prepaid, on the parties named on the attached Service List.

/s/ Laura V. Nigro
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